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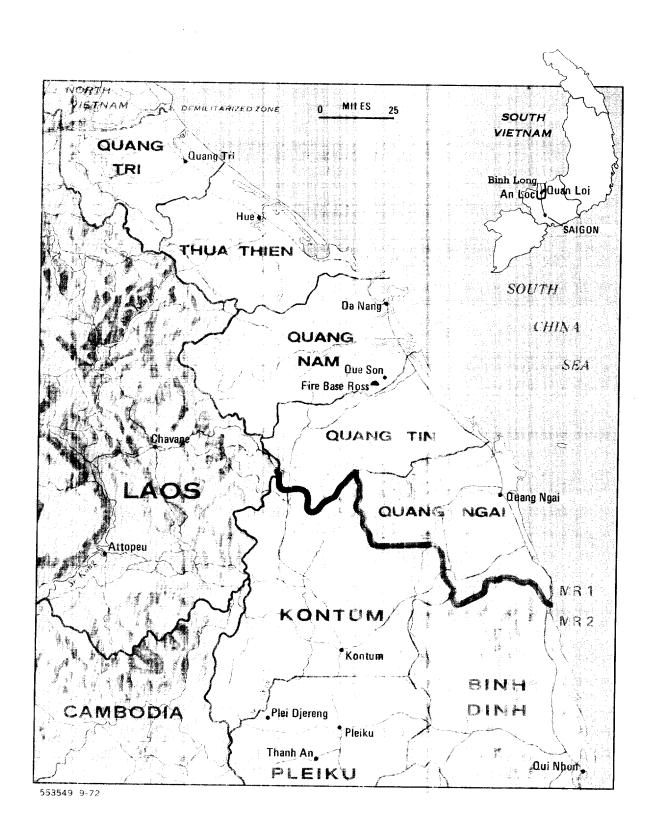
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VIETNAM: Typhoon-spawned rains have slowed military action in the northern two provinces, but government forces report significant progress in some other areas of the country.

Despite heavy rains, elements of the South Vietnamese 2nd Division have seized the western part of Fire Base Ross and are moving toward well-entrenched enemy units in the higher eastern portion of the base. Friendly clearing operations following enemy diversionary attacks in northeastern Quang Tin Province have been successful enough to allow some government units dispatched there over the weekend to return to the Quang Nam battle zone.

In Military Region 3, the South Vietnamese 18th Division is making progress in its drive north of An Loc. One regiment has reached the Quan Loi Airfield, which has been in enemy hands since 6 April, but press reports of its capture have not been confirmed.

The most significant Communist military initiatives are presently occurring in the western high-lands province of Pleiku. Enemy forces, mostly from the North Vietnamese 320th Division, have moved on to attack several additional ranger camps and artillery bases north and south of the provincial capital following their capture of Plei Djereng Ranger Camp west of the city over the weekend. Recently captured prisoners claim that the primary Communist objective in western Pleiku is the capture of the district town of Thanh An.

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FINLAND: After more than two months of negotiations, the Finns have formed another shaky coalition of the Social Democratic, Center, Swedish People's, and Liberal parties.

The new prime minister is Kalevi Sorsa, who was foreign minister in the last Social Democratic minority government. He and six other Social Democrats form the major portion of the 16-man cabinet, which includes five Centrists, two Swedes, one Liberal, and one independent. The foreign affairs portfolio has gone to Center Party stalwart and former prime minister Ahti Karjalainen. The coalition will command 107 of the 200 seats in parliament and should be able to last at least until after the municipal elections next month.

Sorsa used a heavy hand in forming the new government. He beat back a Liberal Party demand for more than one portfolio and was able to find an alternative for the Swedes who wanted the Justice Ministry post, which was retained by the Social Democrats. An intraparty dispute between Centrist leaders over the deputy prime minister job remains unsettled.

Under the coalition program, the pension legislation issue, one cause for the resignation of the minority government in July, has been resolved by cutting proposed expenditures by 50 percent. This is viewed as a major victory for the Social Democrats who opposed the reform from the beginning. The core of the new program relates to economic measures designed to curb inflation and other economic fluctuations as the country moves toward commercial arrangements with the EC. The program also underscores efforts to increase trade and economic cooperation with the Soviet Union, Eastern Europe, and the Nordic countries. It does not state whether Finland should sign the draft EC

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agreement, which suggests the Sorsa government, like its predecessor, will take its foreign policy cues from President Kekkonen.

When appointing the new government, Kekkonen blamed all parties for creating the "longest and sorriest" crisis in Finnish history. He called for more cooperation between them and chided the Liberals in particular for threatening to withdraw from the coalition if their program was not followed.

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YUGOSLAVIA: President Tito has lashed out at nationalist elements in the party, warning them to leave or be purged. Speaking in Croatia on 4 September, he cautioned that much still needs to be done to overcome the remnants of nationalism that rocked that republic last year. Tito's words, however, have a broader meaning and are intended to set the stage for the national conference of the party slated for November. Tito was criticized last September for paying too much attention to foreign affairs while Croatian nationalism was wreaking havoc on the preparations for last year's party conference. He does not intend to make that mistake again, and his stern words indicate that failure to toe the line will result in personnel changes at or before the conference.

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CANADA: Parliament passed special legislation last week ending the month-long Vancouver dock strike, thereby preventing lasting economic damage. Grain shipments to China have been held up, but Canada now should be able to fill its contract with Peking. Deliveries, however, will be delayed. Coal and other mineral shipments to Japan also fell behind schedule but the Japanese probably welcomed the pause because large stocks had accumulated during the recent economic slowdown. The strike's major domestic effect will be slightly higher prices on some import items because of the added costs resulting from the routing of imports through US ports.

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